MONTANA LEGISLATIVE HISTORY

Chapter 463 19 85

Bill H _____ S 234 Original bill & history Y C

H. Committee on TAXATION		S. Committee on TAXATION	
Hearing Date(s) 3/25	X C	Hearing Date(s) 2/5	X C
3/25	X C	3/13	X C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out _____	___C		

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

Chap. Num.	Senate Bill	House Bill	Sponsor	Title
453		670	Iverson	An act to require reclamation of land disturbed by hard-rock tailing, waste rock, or ore processing operations; amending sections 82-4-303, 82-4-304, 82-4-335 through 82-4-337, 82-4-340, 82-4-351, and 90-6-302, MCA.....Page 851
454		747	Phillips	An act amending section 61-5-104, MCA, to extend the exemption from the requirement to possess a Montana driver's license to certain persons associated with the armed forces of the United States.....Page 858
455		818	Patterson	An act authorizing a county to contribute money from the mill levy for the support of museums to public museums not owned by the county; amending sections 7-16-2202 and 7-16-2205, MCA; and providing an effective date.....Page 859
456		858	Harrington	An act to establish local and regional port authorities; to provide for a tax levy for the operation thereof; to provide for port commissioners; to provide for the general power of a port authority; to provide for issuance of bonds and for establishment of operation and use privileges; to provide for rules in connection with a port authority; to provide for acceptance of federal aid for ports; and to provide for county and municipal cooperation in regard to port operation; amending section 67-10-402, MCA.....Page 860
457	12		Haffey	An act to include the university system and the legislative and judicial branches of state government in budget amendment procedures; amending section 17-7-404, MCA; and providing an effective date.....Page 868
458	55		Towe	An act limiting the time within which an action may be commenced to determine the validity of a royalty interest of a county in land acquired by tax deed; amending sections 15-17-312 and 27-2-210, MCA; and providing an applicability date.....Page 869
459	57		Conover	An act providing for the attachment of a donor's statement under the Uniform Anatomical Gift Act to the back of the motor vehicle operator's or chauffeur's license; amending sections 61-5-301 and 72-17-204, MCA.....Page 871
460	88		Aklestad	An act requiring a city under certain circumstances to dissolve its police retirement fund, to pay the state's prior contributions to the general fund, and to transfer any money remaining in the fund to the city general fund; amending section 19-10-202, MCA; and providing an immediate effective date.....Page 872
461	95		Lynch	An act to conform to federal law the provisions of the unemployment insurance law relating to the source of funds for Department administrative expenses; amending sections 39-51-201 and 39-51-404, MCA; and providing an immediate effective date.....Page 873
462	156		Towe	An act changing the designation criteria for Coal Board grants and loans; amending section 90-6-207, MCA.....Page 877
463	234		E. Smith	An act to direct the Department of Revenue to use certain substitutes for market value when appraising and assessing property for tax purposes; providing an exemption for certain properties; amending sections 15-6-201 and 15-8-111, MCA; and providing an effective date and an applicability date.....Page 879
464	247		Daniels	An act requiring a public employer to pick up a member's contributions under the Public Employees', Teachers', Highway Patrolmen's, Sheriffs', State Game Wardens', and Municipal Police Officers' Retirement Systems; requiring the employer to deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer; requiring a member to pay state and local taxes on a refund of his contributions; amending sections 15-30-111, 15-30-136, 19-3-105, 19-3-701, 19-4-101, 19-4-208, 19-4-602, 19-4-706, 19-4-707, 19-6-402, 19-6-705, 19-7-403, 19-7-705, 19-8-502, 19-8-605, 19-9-601, and 19-9-1005, MCA; and providing an effective date.....Page 882
465		184	Schye	An act to allow cash payment for bingo prizes; amending section 23-5-412, MCA.....Page 894
466	135		Mohar	An act to eliminate the requirement that the Board of Examiners approve change orders concerning the construction of buildings; amending section 18-2-103, MCA; and providing an immediate effective date.....Page 894

bidders on construction projects and to eliminate the current 3 percent preference for such bidders; amending section 18-1-102, MCA; and providing an immediate effective date."

Senate Page No. 132, 343, 357, **389,** 393, **429,** 1175, 1409, 1427, 1443, 1527.

House Page No. 606, 1117, 1246, 1247, **1329,** 1336, 1427, **1492, 1575,** 1995.

230 Introduced by Tveit, Gage, Harding, Aklestad, C. Smith, Jones, Poff, E. Smith, Conover, Lane: A bill for an act entitled: "An act to exempt public agencies from the Montana human rights act and the governmental code of fair employment practice to the extent that these laws conflict with the prohibition against nepotism in public agencies; amending sections 49-2-303, 49-2-403, and 49-3-201, MCA."

Senate Page No. 143, 357, 373, **408,** 415, **458,** 1087, 1209, 1257, 1293, 1374.

House Page No. 627, 1117, 1231, **1279,** 1297, 1320, **1402, 1452,** 1647.

231 Introduced by Goodover, E. Smith, Conover, Lane, Boylan: A bill for an act entitled: "An act to give the department of fish, wildlife, and parks jurisdiction over the safe operation of seaplanes on water; amending sections 23-2-523 and 23-2-527, MCA."

Senate Page No. 132.

232 Introduced by Thayer, J. Brown, Haffey, Christiaens, Miller, Peck, McCallum, Quilici, Regan: A bill for an act entitled: "An act to authorize the continued operation of the main banking houses of banks that consolidate or merge; amending sections 32-1-371 and 32-1-372, MCA."

Senate Page No. 132, 309, 325, 355, 361, 408, 409, 410, 411, **412, 413,** 430, 431, 432, 433, 434, **435, 436.**

233 Introduced by Regan, Fuller, Stimatz, McCallum, Christiaens: A bill for an act entitled: "An act to provide a 30-day life insurance settlement period after which interest accrues until settlement; amending sections 33-20-114, 33-20-115, and 33-20-1207, MCA."

Senate Page No. 132, 293, 309, **350,** 357, 379, 1115, **1355, 1377,** 1443, 1483, 1527.

House Page No. 566, 1117, 1365, **1429, 1497,** 1892, 2038.

234 Introduced by E. Smith, Lane, Boylan, McCallum, Goodover, Bengtson, Hager, Farrell, H. Hammond, Aklestad, Severson, Hirsch, Harding, Yellowtail, Galt, Stimatz, Keating, Thayer, Anderson, Shaw, Tveit: A bill for an act entitled: "An act to prohibit the department of revenue from using replacement cost as a substitute for market value when appraising property for tax purposes; amending section 15-8-111, MCA."

SENATE BILL NO. 234

INTRODUCED BY E. SMITH, LANE, BOYLAN, MCCALLUM, GOODOVER, BENGTSON, HAGER, FARRELL, H. HAMMOND, AKLESTAD, SEVERSON, HIRSCH, HARDING, YELLOWTAIL, GALT, STIMATZ, KEATING, ANDERSON, SHAW, TVEIT, THAYER, KOLSTAD, CRIPPEN, STEPHENS, STORY, CONOVER, B. WILLIAMS, DANIELS, LYNCH

IN THE SENATE

January 24, 1985	Introduced and referred to Committee on Taxation.
February 1, 1985	On motion by Chief Sponsor, Senators Kolstad, Crippen, Stephens, Story, Conover, Williams, Daniels, and Lynch added as sponsors.
March 14, 1985	Committee recommend bill do pass as amended. Report adopted.
March 15, 1985	Bill printed and placed on members' desks.
March 18, 1985	Second reading, do pass.
March 19, 1985	Considered correctly engrossed.
March 20, 1985	Third reading, passed. Ayes, 50; Noes, 0.
	Transmitted to House.

IN THE HOUSE

March 21, 1985	Introduced and referred to Committee on Taxation.
March 25, 1985	Committee recommend bill be concurred in. Report adopted.

March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in.
	Returned to Senate.

IN THE SENATE

April 1, 1985	Received from House.
	Sent to enrolling.
	Reported correctly enrolled.

Senate BILL NO. 234

INTRODUCED BY E. Smith LAKE Boylan Goodover, Bengtson Hager Farrell Harrington Halligan Hansen Stimatz Savage Hirsch Hardin Yellowtail Gould Keating Anderson Thomas

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT THE DEPARTMENT OF REVENUE FROM USING REPLACEMENT COST AS A SUBSTITUTE FOR MARKET VALUE WHEN APPRAISING PROPERTY FOR TAX PURPOSES; AMENDING SECTION 15-8-111, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) The market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to motorcycles, aircraft, and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) (a) In making the official assessment and appraisal of the value of property in 15-6-134 through 15-6-140, the department of revenue or its agents may not:

(i) adopt a lower or different standard of value from market value; or ~~in--making--the--official--assessment--and appraisal--of--the--value--of--property--in--15-6-134-through 15-6-140;~~

(ii) use replacement cost as a substitute for market value.

(b) For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in classes four through eleven is the percentage of market value established for each class of property in 15-6-134 through 15-6-141.

(5) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(b) Properties in 15-6-132 under class two are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are

INTRODUCED BI
SB 234

assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property in 15-6-131 and classes two and three is the percentage of assessed value established in 15-6-131(2), 15-6-132, and 15-6-133 for each class of property."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

MONTANA STATE SENATE

SENATE TAXATION COMMITTEE

49TH LEGISLATURE

COMMITTEE MEMBERS:	Senator Tom Towe, Chairman Senator Joe Mazurek, Vice-Chairman Senator Bob Brown Senator Dorothy Eck Senator Pat Goodover Senator Tom Hager Senator Mike Halligan Senator Les Hirsch Senator Ray Lybeck Senator George McCallum Senator Ted Neuman Senator Elmer Severson
STAFF ATTORNEY:	Jim Lear
SECRETARY:	Nancy Aagenes

CHAIRMAN--TOWE, TOM
NORMAL SCHEDULE==> SITE: ROOM 413/415 DAYS: M-TU-W-TH-F TIME: 8:00-10:00 A.M.

SECRETARY-AAGENES, NANCY

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT-
SB0234 SMITH, ED B.	1/24	2/05	2/12, 2/13, 3/7, 3/13 PROHIBITING THE DEPT. OF REVENUE FROM USING REPLACEMENT COST IN APPRAISALS	PASS AS AMENDED		3/13
SB0238 LANE, LEO	1/24	2/19	3/8 TAX INCENTIVE FOR EXPORTED ALCOHOL AND GASOHOL	TABLED		3/8
SB0246 PINSONEAULT,R.J.(DICK)	1/25	2/02	TO CREDIT INCOME FROM SOME NONTRUST LANDS TO GENERAL FUND	DO PASS		2/2
SB0249 BOYLAN, PAUL F.	1/26	2/13	TAX CIGARETTES IN PACKS OF MORE THAN 20 ON A PER CIGARETTE BASIS	DO PASS		2/13
SB0261 LYNCH, J.D.	1/28	2/07	ELIMINATING USE AND OWNERSHIP REQUIREMENTS FOR GOLF COURSE TAX REDUCTION	PASS AS AMENDED		2/7
SB0280 WILLIAMS, BOB	1/30	2/12	3/7 SUBJECTING GEMSTONE MINES TO GROSS PROCEEDS TAX	DO PASS		3/7
SB0284 TOWE, THOMAS E.	1/31	2/07	2/21, 2/22 CHANGING REPAYMENT PROVISIONS FOR COAL BOARD LOANS	PASS AS AMENDED		2/22
SB0288 ECK, DOROTHY	1/31	2/13	2/15, 2/23, 2/25 REMOVING REDUCTION OF STATE MARKUP FOR MONTANA LIQUOR	PASS AS AMENDED		2/25
SB0304 MOHAR, JOHN	2/01	2/13	2/15 BEER AND WINE LICENSE FOR PUBLICLY OWNED ATHLETIC FACILITY	ADVERSE REPORT		2/15
SB0307 FULLER, DAVID E.	2/02	2/19	2/21 CLARIFY JURISDICTION & AUTHORITY OF COUNTY AND STATE TAX APPEALS BOAROS	PASS AS AMENDED		2/21
SB0309 MOHAR, JOHN	2/02	2/19	3/8, 3/9 TAX CREDIT FOR INSTALLING LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICE	DO PASS		3/9

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 5, 1985

The twenty-second meeting of the Taxation Committee was called to order by Chairman Thomas E. Towe at 8:07 am in Room 413-415 of the Capitol Building.

ROLL CALL: With Senators Lybeck and Neuman excused; all other members of the committee were present.

CONSIDERATION OF SB 234: Senator Ed Smith, Senate District 10, was recognized as chief sponsor of the bill. He began his testimony by offering a written statement from Ms. Jo Brunner, representing the Montana Cattlemen's Association, the Montana Cattlefeeders Association and the Montana Grange, in support of SB 234 (Exhibit 1).

Senator Smith explained that the bill would correct the process used by the Department of Revenue in valuing real property by disallowing the use of replacement cost in the appraisal of machinery and buildings. Senator Smith presented the committee with photographs of farm buildings that are assessed at a rate much higher than purchase price. He used as one of his examples a shed which cost $5826 to build, was assessed at a value of $13,780 for eight years and is now being assessed at $8780. He noted that he had paid taxes on the higher amount for those eight years.

He used as an example of farm machinery a grain drill 10-feet long. He showed how the taxes on the drill had actually increased with age as a result of using replacement cost methodology in appraisal. The Department is currently taxing the drill at a value of $7980. Senator Smith said he could buy a brand new one, set up and delivered, for $5780 in Culbertson.

Summing up his argument for the bill Senator Smith said that replacement value is increasing faster than depreciation is allowed.

PROPONENTS

Mr. John Brenden, Scobey, Montana, submitted written testimony supporting the bill (Exhibit 2).

Representative Tom Asay, House District 27, also appeared supporting the bill. He explained that the large discrepancy in figures around 1984 came as a result of a manual change in the Department. He also used a handout (Exhibit 3) to exemplify the increased taxes on machinery that is decreasing in value. He talked about farmers fighting drought, grasshoppers and taxes. Representative Asay said that he could not stress enough the need for the bill. He urged the committee to investigate the reasons for the change in assessment manuals used by the Department.

Mr. Bill Asher of the Agricultural Preservation Association asked two of his members to speak in support of the bill.

Mr. Gordon Darlington of Three Forks spoke of paying very high taxes on very old buildings in fair to poor condition. He said these buildings cannot be taxed at replacement value.

Mr. Dan Hurwitz said his testimony would be repetitious and he urged the committee to pass SB 234.

Mr. William Michael, Jr. presented written testimony in support of SB 234 (Exhibit 4).

Mr. Pat Underwood of the Montana Farm Bureau agreed with previous testimony and said that he has had the most calls in support of SB 234 of any made to him this session. (Exhibit 5).

Norman Nelson from Westby said, in support of SB 234, that a garage built in 1910 is now being taxed at $1200 on his farm.

Mr. William Peterson, Roosevelt County, said that taxing at replacement value means that the government is taxing the farmer for his own labor when he builds his own buildings.

Mr. Ross Fitzgerald, Vice President of the Montana Grain Growers Association, said that the calls he has had in support of the bill are many.

Mr. Marlin Vanetta who farms north of Bainville said, "There is no use taking up any more time. We're in a drastic situation."

OPPONENTS

Mr. Greg Groepper, Administrator of the Property Assessment Division for the Department of Revenue, rose in opposition to the bill. He cited two issues: 1) the farm machinery assessment manual change and 2) excessive taxation on some farm buildings. He said the fiscal impact of changing current policy would have to be studied carefully because it could involve a loss in revenue with a commensurate rise in Department cost for appraisal.

The three approaches to value that the Department can take are 1) market, 2) an income approach, or 3) replacement cost. He agreed that ideally market value would be used, but practically that is impossible in this situation. This property does not sell except as a part of a farm with a per acre price.

To change the current system would take more staff, he said. If you want income stream, it would take time to look at that and capitalize it, he added. He said it was unreasonable to expect the Department to handle that. He said replacement cost is the only thing that can be used if there is not useful sales information.

He explained the assessment manual difficulty. Until 1984 the Montana Implement Dealers Association Guidebook had been used. He said assessors and his own appraisal staff had difficulty with that because it didn't list many kinds of equipment and that older equipment had been dropped from it. Therefore, required to use a manual by law, the Department went through a hearings process to adopt a new manual,

the ITT manual. Subsequently the implement dealers updated their manual and the Department, after another hearing process, returned to that book as an appraisal guide.

The issue he said, is a grave one because it affects many areas besides farm machinery and buildings. He said to address the problem and not to create other problems with passage of this bill. "How are we to get to market value?" he asked. He said that the Department is strongly opposed to eliminating consideration of replacement cost.

Questions from the committee were called for.

In response to a question from Senator Severson, Mr. Groepper said that Big Bud and Stiger tractors were not even included in the old manual. Senator Severson asked if the variation in values came from the variation in books. Mr. Groepper said, yes. But he added that the issue runs deeper. He said that first, there are places that have gone six or seven years with no crops and the equipment isn't worth much because it isn't producing much and that secondarily, the implement dealer's book did raise values. He suggested that the committee call Mr. Blake Wordal, lobbyist for the implement dealers to discuss this issue.

Senator McCallum asked how farm buildings are assessed. Mr. Groepper said that the Marsh Evaluation Service Manual is used because it allows for adjustments based on local labor and materials cost. Basically he said it is a square footage, less depreciation method, with those important adjustments allowed. He said it is the tool available that is most suitable for use in Montana.

In response to a question from Senator Brown, Mr. Groepper clarified again that they are required to use a guidebook of some kind to evaluate machinery. He said that the guide book is theoretically based on actual sales.

Senator Severson inquired about the Department's policy on taxation of equipment when it has no use or value. Mr. Groepper said that functional and economic obsolescence beyond the control of the owner will result in a reduced assessment after the first year.

Senator Towe asked Senator Smith what he proposed the Department use in these valuations. Senator Smith said he would disallow the use of replacement cost and replace it with fair market value. Senator Smith said it could be done with common sense.

Senator Towe asked Representative Asay what he proposed the Department use in valuations. Representative Asay suggested that they return to the ITT manual. He recognized that statewide appraisal is a very difficult thing to do. He said the farmers need some established standard that will not be changed.

In response to questioning by Senator Towe, Mr. Groepper said that his Department will do as the Legislature intends and funds. He encouraged the committee to "fix what you want fixed" but added that if the Department's starting point is invalid they need direction

from the Legislature about where to start the valuation process.

In response to discussion about the qualifications of appraisers, Mr. Groepper admitted freely that turn-over has been a problem. He said that now the Department can spend 20 minutes per property in the appraisal process. "We do the best we can with the resources we have," he said. He said when there is a problem, they send a different appraiser to look at the property, that failing,the county manager goes out and if the problem is still not resolved the bureau chief is sent to do the appraisal.

Senator Smith, when asked if he would be willing to ask to fund additional appraisers, said, "An appropriation won't correct the problems. If they would guarantee us to correct the problems, I would support more FTEs for the Department."

Senator Eck suggested old equipment and buildings be valued like antique cars. Mr. Groepper said addressing the problem is beyond the ability of the bureaucracy and that the committee has been asked to deal with a legitimate problem of the farmers. "Address the problem in a way we can work with," he asked.

Senator Hirsch asked how similar problems were dealt with in the oil industry. Mr. Groepper said that the industry, the assessors and the Department worked together to arrive at a system all were in agreement with. Senator Hirsch asked if that would be advisable here. Mr. Groepper said that different statutes are applicable and that in the case of the oil industry statute did not require the use of a manual. Secondly, the machinery used by the oil industry is limited in variety, while variation in kinds of farm machinery is endless. Senator Hirsch suggested that values could be established at the hundreds of farm equipment sales that will take place in the spring.

Senator Towe asked if farmers are being taxed disproportionately by the existing methods. Mr Williams responded that when he goes to his lender he cannot borrow the amount the equipment is valued at for taxation.

Senator Eck wondered if tax structure could be molded to economic and climatic conditions, dropping the assessment to loan value in depressed times.

Senator Smith closed saying that he is not asking favors for farmers, that they only want something reasonable. He suggested that the problem could lie in the rule-making authority. His last and very convincing argument involved pictures of buildings that are totally abandoned and unused. Each picture noted the amount of taxes being paid on these buildings which have not been used at all for over ten full years.

Chairman Towe adjourned the meeting at 9:55 a.m.

Chairman, Thomas E. Towe

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date February 5, 1985

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck			✓
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman			✓
Senator Severson	✓		
Senator Towe	✓		

COMMITTEE ON Senate Taxation DATE January 5, 1985

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
William Michael Jr.	MTN. STATES Sugar Beet Growers	SB234	✓	
Sen Ed Smith	Farmer	SB234	✓	
John C. Breuer	Farmer - businessmen	SB234	✓	
Dan Harrite	Rancher	SB234	✓	
Gordon Darlington	Agr. Preservation Assn	SB234	✓	
Bill Black	agra Pres. ass.	SB234	✓	
Lyman Nelson	SELF Farmer	SB234	✓	
[illegible] Sawyer	Self - farmer	SB234		
William Pfeiffer	self	SB234	✓	
Allyn Bennetta	Self - Farm	SB234	✓	
DAVE VIETOR	Self - Rancher	SB234	✓	
Jim MacMaster	MT. Coal Council		~~234~~ 234	~~234~~
BILL ASHER	AGRICULTURAL PRESERVATION ASSN	SB234	✓	
Joss H. FITZGERALD	MT GRAIN GROWERS ASS'N	SB234	✓	
J UNDERWOOD	MT-FARM BUREAU	SB234	✓	
Alina Lubinus	W.I.F.E.	SB234	X	
Bob Burt	MRA Co	234		
Bill BARBA	SELF	234	X	
Tom Hoag	Dist 27	234	X	

Jo Brunner

AGRICULTURE LEGISLATIVE WORK

NAME Jo Brunner COMMITTEE

ADDRESS 1496 Kodiak Road Helena DATE February

REPRESENTING Montana Cattlemen, Montana SUPPORT X

Cattlefeeders and Montana Grange OPPOSE

BILL NO. SB 234 AMEND

Mr. Chairman, members of the committee for the record, my name is Jo Brunner and I am representing the Montana Cattlemens Association, the Montana Cattlefeeders Association and the Montana Grange, at this hearing.

Mr. Chairman, our organizations wish to support Senator Smith and Senate bill 234.

It is an extremely unfair practice to use a cost of replacement for taxation purposes on a structure simply because it is there. We recognize that some of our outbuildings are beyond repair and often not used, but that does not mean they have an assessment value. Some we rarely use, simply because they are not capable of constant use, and we certainly would not replace them with another structure, but it should be to our discretion to burn them down or destroy the structure. It should not be assumed, for taxation purposes that if we did replace a building that the cost would be consistent with the assessed value consequently we are paying for an assumption by the D o R, not the actual value of our buildings, whether it be a home or an old sheep shed.

We can understand the plight of the Department of Revenue in searching out every posible avenue they can in order to find revenue, but there has to be a limit to what and how they can find and assess that revenue. Perhaps we in agriculture are kind of touchy about taxes right now, more so than we have been in the past and perhaps we should have taken action long ago, before it got to be such an established practice , but despite that, we must now protest this practice, and ask a do pass on Senate Bill 234.

Thank you.

Exhibit 1 -- SB 234
February 5, 1985

MR. CHAIRMAN, ESTEEMED MEMBERS OF THE SENATE TAXATION COMMITTEE, I AM HERE TODAY TO TESTIFY IN FULL SUPPORT OF SENATE BILL 234. MY NAME IS JOHN BRENDEN AND I AM A FARMER AND A BUSINESSMAN FROM SCOBEY, MONTANA. MY TESTIMONY WILL BE SHORT AND TO THE POINT.

IN NOVEMBER BEFORE I PAID MY 1984 TAX BILL, I WENT TO THE DANIELS COUNTY COURT HOUSE TO FIND OUT WHAT SPECIFIC TAXES WERE LEVIED ON SPECIFIC ITEMS OF WHICH I OWN.

THEY WERE:	1978-7700 JOHN DEERE COMBINE...TAXES	$784.89
	1979-7720 JOHN DEERE COMBINE...	$1091.79
	1975-8630 JOHN DEERE TRACTOR...	$668.66
	1983-8850 JOHN DEERE TRACTOR...	$2502.30
	1967-BEHLEN QUONSET (7800 SQ.FT.)	$555.63
	FOR A TOTAL	$5603.27

IN 1975 MY JOHN DEERE 8630 TRACTOR HAD A LIST PRICE OF $50,000.00...MIND YOU, A LIST PRICE---NOT THE PRICE I PAID. IN THE PAST 10 YEARS, AT THE PRESENT TAX RATE, THAT TRACTOR WOULD HAVE PAID BETWEEN 15 AND 20% OF ITS LIST PRICE IN PROPERTY TAXES!! THAT IS BETWEEN 7500.00 AND 10,000.00 THAT TRACTOR WOULD HAVE GENERATED IN TAXES!

Exhibit 2 -- SB 234
February 5, 1985

THE FACT THAT A 1983-8850 JOHN DEERE TRACTOR HAS TAXES OF $2502.30 IS PREPOSTEROUS!! THAT IS A COUPLE OF HUNDRED DOLLARS MORE THAN THE COAST TO COAST BUILDING ON MAIN STREET IN SCOBEY, WITH AN AREA OF 6000 SQUARE FEET HAS PAID IN PROPERTY TAXES. AND THAT 8850 JOHN DEERE TRACTOR IS ONLY A PART OF THE WHOLE THAT MAKES A FARMING OPERATION RUN AND WORK...WHERE THE COAST TO COAST STORE IS ITS ENTIRE OWN ENTITY.

MY BEHLEN QUONSET WAS BUILT IN 1967...IT HAS NO RUNNING WATER, IT HAS NOT WINDOWS, IT IS NOT INSULATED OR HEATED, IT HAS ONE BIG DOOR AND A WALK-IN DOOR. YES, IT HAS ABOUT 10 LIGHTS SCATTERED ABOUT ITS 125 FOOT LENGTH. IT IS USED SOLELY FOR GRAIN AND MACHINERY STORAGE. AND YET, THE TAXABLE VALUE OF THAT BUILDING TODAY IS MORE THAN THE TOTAL ORIGINAL PRICE I PAID IN 1967.

MY FATHER PURCHASED TWO 3000 BUSHEL STEEL GRAIN BINS IN 1959 FOR $300.00 A BIN AND THEN WE HAD TO PUT THESE BINS TOGETHER. A RULE OF THUMB TODAY IN THE FARMING GAME IS THAT A THREE OR FOUR OR 5000 BUSHEL GRAIN BIN WILL COST ABOUT A DOLLAR A BUSHEL. YET, MY TWO 26 YEAR OLD BINS ARE TAXED ON THE SAME REPLACEABLE VALUE AS IF I WERE TO BUILD NEW BINS OF THAT SIZE. FOR SHAME.....

AS A FARMER AND BUSINESSMAN I KNOW WHEN I SELL OR TRADE A PIECE OF MACHINERY IN FOR ANOTHER, I GET PAID FOR THE DEPRECIATED

VALUE OF THAT PIECE OF MACHINERY. I DEFINITELY WOULD LIKE TO GET PAID BACK THE FULL PRICE, BUT I KNOW IN THE WORLD OF REALITY THAT WILL NOT HAPPEN. AND YET, WE ARE TAXED ON ITS REPLACEABLE VALUE. HOW UNFAIR!! LADIES AND GENTLEMEN OF THE SENATE TAXATION COMMITTEE, THIS HAS TO BE CHANGED TO TAXATION BY MARKET VALUE, NOT REPLACEMENT VALUE.

MEMBERS OF THE SENATE TAXATION COMMITTEE THERE IS A TAX REVOLT BREWING OUT IN OUR COUNTRY TODAY. I WILL NOT EVEN GO INTO DETAIL ABOUT DROUGHT, HIGH INTEREST RATES OR OTHER PROBLEMS OF SMALL BUSINESS. I URGE YOU TO DO YOUR DUTY AND PUT A "DO PASS" OUT OF THIS COMMITTEE IN FULL SUPPORT OF SENATE BILL 234. THANK YOU. IF THERE ARE ANY QUESTIONS, I WOULD GLADLY TRY TO ANSWER THEM.

Examples of Farm Machinery. - Tom Asay

M	YEAR	MAKE/MODEL	Trade-In Guide 1984 VALUE	(*) OFFICIAL Guide 1985 VALUE	Trade-In Guide 1986 VALUE	Feb. 3, 1985 Bozeman Chron. For sale price
TRACTOR	1973	J.D.4630	6245	10,084	5974	
CTOR	1979	J.D 4240	15,939	19,901	15,142	
RACTOR	1982	CASE 2090	29,458	19,181	27,775	
CTOR	1976	Ford 2600	2983	3611	2864	
RACTOR	1980	J.D. 8640	47,566	45,598	44,593	35,000
CTOR	1977	J.D.4430	12,191	14,157	11,739	16,500 - Fl
CTOR	1980	J.D.2940	12,235	14,372	11,376	15,000 T
OMBINE	1977	A.C.F-2	11,802	17,332		N
MBINE	1977	J.D. 6600	17,573	17,496		
OMBINE	1973	M.F. 300	4863	5838		
LER	1973	A.C. 443	998	1027		
LER	1982	J.D. 327	5391	3985		
DROWER	1976	Sperry N.H. 1112	4991	7136		

* National Farm & Power Equip Dealers Assoc

Exhibit 3 -- SB 234
February 5, 1985

#28, 431.[00] Row Farmhand 8112B Beet Digger
#7,995.[00] Huston Model 34 defoliator
3PP.[00] per row on Cultivators

NAME William Michael Jr. BILL NO. SB 234

ADDRESS 3960 Dover Road Billings Mont. 59105 DATE 2-5-85

WHOM DO YOU REPRESENT Montana State Sugar Beet Growers of Montana

SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The present high values placed on our farm equipment create a tax problem far in excess of agriculture's ability to pay. Sugar Beet farmers are hard hit because of the Sugar Plant Closures. I have listed the "Book" values for equipment such as we have on our farm. These values are not realistic even if we were able to use it producing a beet crop. Our sugar beet equipment has zero value to us since we are unable to raise beets since we have no market. We farmers are rich in terms of land and equipment but poor in terms of cash flow. If present taxation continues it will certainly hasten the demise of Montana agriculture. Listed Below are examples of values on Machinery:

1973 John Deere 4630 tractor - 1984 Book $6,245
1985 New Book $10,084

1979 John Deere 4240 tractor 1984 Book $15,939
1985 Book $19,901

A neighbor of ours had the value of his Cirsman land leveler raised $1500.00 over what he purchased it for when he bought it new in 1982.

This system of valuation is not realistic and needs to be changed. This is our State governments' opportunity to give farmers some genuine -

Exhibit 4 -- SB 234
February 5, 1985

MONTANA
FARM BUREAU
FEDERATION

502 South 19th Bozeman, Montana 59715
Phone (406) 587-3153

TESTIMONY BY: Patrick Underwood

BILL # SB-234 DATE Feb 5, 1985

SUPPORT X OPPOSE

The Montana Farm Bureau supports senate bill 234. We have long had policy which supports this type of legislation. It is needed... it is equitable... and for a state government that says it wants to do somthing to assist agriculture during these hard times... here is a way that you can give that help... now. We recommend a "do Pass" on this bill.

Exhibit 5 -- SB 234
February 5, 1985

Patrick R. Underwood
SIGNED

NAME Bill Ashor BILL NO. #SB 234

ADDRESS P.O. Box 3285 Bozeman DATE 2-5-85

WHOM DO YOU REPRESENT APA, PCLA & MCPA

SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Agricultural Preservation Association, Park County Legislative Association and Meagher County Preservation Association would like to be shown in the record as being in support of SB 234.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 13, 1985

The forty-eighth meeting of the Senate Taxation Committee was called to order by Chairman Thoms E. Towe at 7:39 am in Room 413-415 of the Capitol Building.

ROLL CALL: All members of the committee were present.

Chairman Towe addressed the possibility of the committee drafting a bill that would fund the Public Service Commission from the rate base of the utility companies. He said it would amount to a .003 percent increase and would raise $4.5 million to fund the PSC budget. After some discussion only two committee members, Senators Eck and Lybeck, evidenced interest in such a bill. Consensus was that it would be a wasted effort to draft the bill.

CONSIDERATION OF SB 234: Senator Smith, Senator Severson and Mr. Jess Munro of the Department of Revenue presented amendments in Exhibit 1. Senator Severson discussed the amendments.

Senator Towe asked why the loan value was used. Senator Severson explained that the way the books are computed the loan value of the Official Guidebook compares to the wholesale value used in other books. He said this would make the situation a more equitable one. The committee felt it was necessary to include the title of the book in the statute. They also agreed that language be drafted into the amendment that would clarify that it is not the intent of the committee to use loan value in other areas.

MOTION: Senator Severson moved that SB 234 be amended per Exhibit 1, inserting the name of the Official Guidebook, clarifying the intent of the committee regarding loan value and including reference to the effective date in the title.

In discussion of the committee it was agreed that the motion would include the deletion of "tools" as part of the amendment. Mr. Jim Lear, committee staff, was directed to do other technical work on the amendments. He explained the necessary technical details to bring the amendments into proper form as they appear in the Standing Committee Report attached here.

Question was called and the motion carried unanimously.

MOTION: Senator Severson then moved that SB 234 do pass as amended. The motion carried unanimously.

CONSIDERATION OF HB 339: Representative Jack Ramirez was recognized as chief sponsor of the bill. He explained that the bill extends the ability for tax increment financing. He said that this ability has allowed Billings to build three parking garages which have facilitated the building of other major buildings in downtown Billings. He said that some cities have not benefited by the 10-year provision and asked for a two year extension on the ability to create the districts which

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 13, 1985

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman			
Senator Severson	✓		
Senator Towe	✓		

Amendments to SB 234

Exhibit 1 -- SB 234
March 13, 1985

1. Title, line 4.
Following: "TO"
Strike: "PROHIBIT"
Insert: "DIRECT"

2. Title, line 5.
Following: "REVENUE"
Strike: "FROM USING REPLACEMENT COST AS A"
Insert: "TO USE CERTAIN SUBSTITUTES"

3. Title, line 6.
Strike: "SUBSTITUTE"
Following: "APPRAISING"
Insert: "AND ASSESSING"

4. Title, line 7.
Following: "PURPOSES;"
Insert: "PROVIDING AN EXEMPTION FOR CERTAIN PROPERTIES;"
Following: "15-8-111,"
Insert: "15-6-201"

5. Page 2, lines 3 through 12.
Strike: subsection (a) in its entirety
Insert: "The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in 15-6-134 through 15-6-140; except
(i) the wholesale value for agricultural ~~tools~~, implements, and machinery will be the loan value as shown in the national appraisal guide; and
(ii) for agricultural ~~tools~~, implements, and machinery not listed in a national appraisal guide, the department shall prepare a supplemental manual where the values reflect the same depreciation as those found in the national appraisal guide."

6. Page 3.
Following: line 14
Insert: "NEW SECTION. Section 2. 15-6-201. Exempt categories.
(1) The following categories of property are exempt from taxation:
(a) the property of:
(i) the United States, the state, counties, cities, towns, school districts, except property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);
(ii) irrigation districts organized under the laws of Montana and not operating for profit;
(iii) municipal corporations; and

Exhibit 1--SB234.

(iv) public libraries;
(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;
(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;
(d) property that meets the following conditions:
(i) is owned and held by any association of corporation organized under Title 35, chapter 2,3,20,or21;
(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
(iii) is not maintained and operated for private or corporate profit;
(e) institutions of purely public charity;
(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;
(g) public art galleries and public observatories not used or held for private or corporate profit;
(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;
(i) a truck canopy over or topper weighing less than 300 pounds and having not accommodations attached. Such property is also exempt from the fee in lieu of tax.
(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;
(k) automobiles and trucks having a rated capacity of three-quarters of ton or less;
(l) fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;
(m) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals; and
(n) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit ~~.~~ ;
(o) all farm buildings with a market value of less than $500 and all agricultural ~~tools~~ implements and machinery with a market value of less than $100.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for grain or profit.
(b) The terms "public are galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.
(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:
(a) $20,000 in the case of a single-family residential dwelling;
(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Renumber: subsequent sections

7. Page 3
Following line 18
Insert: "NEW SECTION. Section 4. Effective date. This act is effective for all tax years beginning after December 31, 1985."

STANDING COMMITTEE REPORT

March 13, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 234

first reading copy (white color)

PROHIBITING THE DEPARTMENT OF REVENUE FROM USING REPLACEMENT COST IN APPRAISALS.

Respectfully report as follows: That Senate Bill No. 234

be amended as follows:

1. Title, line 4.
Following: "TO"
Strike: "PROHIBIT"
Insert: "DIRECT"

2. Title, line 5.
Following: "REVENUE"
Strike: "FROM USING REPLACEMENT COST AS A"
Insert: "TO USE CERTAIN SUBSTITUTES"

3. Title, line 6.
Following: line 5
Strike: "SUBSTITUTE"
Following: "APPRAISING"
Insert: "AND ASSESSING"

4. Title, line 7.
Following: "PURPOSES;"
Insert: "PROVIDING AN EXEMPTION FOR CERTAIN PROPERTIES;"
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "15-8-111"
Insert: "AND 15-6-201"
Following: "MCA"
Insert: "; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE"

[redacted]

[redacted]

continued

Chairman.

5. Page 1, line 8.
Following: line 7
Insert: "WHEREAS, the appraisal and assessment of agricultural implements and machinery could be accomplished most efficiently and equitably by the use of the Official Guide, Tractor and Farm Equipment published by the National Farm and Power Equipment Dealers Association, St. Louis, Missouri; and
WHEREAS, the most accurate reflection of market value of agricultural implements and machinery listed by the above official guide is that of loan value as compared to wholesale value in other national guides."

6. Page 1, line 19.
Following: "(b)"
Strike: "The"
Insert: "Except as provided in subsection (3), the"

7. Page 2, lines 3 through 12.
Following: "(3)" on line 3
Strike: remainder of line 3 through line 12
Insert: "The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in 15-6-134 through 15-6-140, MCA, except:
(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment published by the national farm and power equipment dealers association, St. Louis, Missouri; and
(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual where the values reflect the same depreciation as those found in the official guide."

8. Page 2, line 13.
Strike: "(b)"
Insert: "(4)"
Renumber: subsequent subsections

continued

9. Page 3, line 15.
Following: line 14
Insert: "Section 2. Section 15-6-201, MCA, is amended to read:
"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:
(a) the property of:
(i) the United States, the state, counties, cities, towns, school districts;
(ii) irrigation districts organized under the laws of Montana and not operating for profit;
(iii) municipal corporations; and
(iv) public libraries;
(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;
(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;
(d) property that meets the following conditions:
(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;
(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
(iii) is not maintained and operated for private or corporate profit;
(e) institutions of purely public charity;
(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;
(g) public art galleries and public observatories not used or held for private or corporate profit;
(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

continued

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(l) fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(m) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals; and

(n) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit; and

(o) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $10,000 in the case of a single-family residential dwelling;

Continued

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Renumber: subsequent section

7. Page 3.
Following: line 18
Insert: "NEW SECTION. Section 4. Effective date--applicability. This act is effective on passage and approval and is applicable to tax years beginning after December 31, 1985."

AND AS AMENDED
DO PASS

Senator Thomas E. Towe, Chai

Representative Williams asked how it is handled if a rancher drills a well and puts in pumping equipment.

Mr. Groepper answered that irrigation systems on agriculture land has been exempt since 1981.

There were no further questions.

Senator Gage said that they are not exempting the water and sewage systems - they just do not want them taxed double.

The hearing on this bill was closed.

CONSIDERATION OF SENATE BILL 234: Senator Ed Smith, District 10, stated that this bill would prohibit the Department of Revenue from using replacement cost as a substitute for market value when appraising property for tax purposes. He advised the committee that there has been a practice that the department in one year would use one appraisal manual and the next year would use another manual and they have directed the department to use one manual that is used all over the United States.

PROPONENTS: Lavina Lubinus, representing the Women Involved in Farm Economics, offered testimony in support of this bill. See Exhibit 9.

Terry Murphy, representing the Montana Farmers' Union, gave a statement in support of this bill. See Exhibit 10.

Marg Green, representing the Montana Farm Bureau Federation, gave a statement in support of this bill. See Exhibit 11.

Jo Brunner, representing the Montana Cattlefeeders, the Montana Cattlemen's Association, and the Montana Grange, offered testimony in support of this bill. See Exhibit 12.

There were no further proponents.

OPPONENTS: There were none.

QUESTIONS ON SENATE BILL 234: Representative Williams asked in the section on exemptions how this would apply to all other property throughout the industrial and commercial areas of taxation.

Senator Smith replied that everybody knew that this bill was being introduced and some people were very disappointed and came into the committee hearings in the senate, but he would guess that if those people feel they are not having a problem, that that is their obligation, but he knew that agriculture was having a problem and that is why they addressed this particular problem in the bill.

Representative Williams asked Mr. Groepper if this was discriminating against industrial and commercial.

Mr. Groepper responded that the way this bill is constructed, it deals with the exemption of farm buildings in the exemption statute so it specifically says farm buildings. He indicated that the way it is handled in this bill, he did not see a problem.

There were no further questions; Senator Smith closed; and the hearing on this bill was closed.

EXECUTIVE SESSION:

DISPOSITION OF SENATE BILL 234: Representative Williams moved that this bill BE CONCURRED IN. The motion carried unanimously.

ADJOURNMENT: There being no further business, the meeting adjourned at 9:55 a.m.

Gerry Devlin
GERRY DEVLIN, Chairman

Alice Omang
Alice Omang, Secretary

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 25, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	✓		
WILLIAMS, MEL, V. Chrm.	✓		
ABRAMS, HUGH	✓		
ASAY, TOM	✓		
COHEN, BEN	✓		
ELLISON, ORVAL	✓		
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARRINGTON, DAN		✓	
HARP, JOHN	✓		
IVERSON, DENNIS		✓	
KEENAN, NANCY	✓		
KOEHNKE, FRANCIS	✓		
PATTERSON, JOHN	✓		
RANEY, BOB	✓		
REAM, BOB	✓		
SANDS, JACK	✓		
SCHYE, TED	✓		
SWITZER, DEAN	✓		
ZABROCKI, CARL	✓		

STANDING COMMITTEE REPORT

March 25, 19 85

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 234

third reading copy (blue color)

AN ACT TO PROHIBIT THE DEPARTMENT OF REVENUE FROM USING REPLACEMENT COST AS A SUBSTITUTE FOR MARKET VALUE WHEN APPRAISING PROPERTY FOR TAX PURPOSES;

Respectfully report as follows: That SENATE Bill No. 234

BE CONCURRED IN

~~DO PASS~~

GERRY DEVLIN, Chairman.

COMMITTEE SECRETARY

STATE PUB. CO.
Helena, Mont.

EXHIBIT 9
SB234
3/25/85

Mr Chairman and members of the committee

WITNESS STATEMENT

for the record my name is

NAME Lavina Lubinus BILL NO. SB234

ADDRESS 1501 Chestnut Helena DATE 3/25/85

WHOM DO YOU REPRESENT? Women Involved in Farm Economics

SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: We would like to go on record as being in full support of S.B244

replacement cost for machinery taxation purposes is a little like ~~making~~ you pay twice for your machinery..

We feel the way is unfair. To tax the machinery at what the banks will loan you money on them is much fairer and probably closer ~~to~~ to the true value.

We urge your support for this legislation.

Thank you
Lavina

Exhibit 10
SB 234
3/25/85

WITNESS STATEMENT

NAME Larry Hampton BILL NO. SB234

ADDRESS Great Falls DATE 3-25

WHOM DO YOU REPRESENT? Montana Farmers Union

SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

M.F.U. supports SB234 as amended. M.F.U. policy states that farm "buildings of little value should not be assessed." SB234, as amended, accomplishes this goal. We urge the House of Representatives to concur.

CS-34

2

Exhibit #8
SB

MONTANA FARM BUREAU FEDERATION

502 South 19th
Bozeman, Montana 59715
Phone (406) 587-3153

Exhibit #11
SB 234

TESTIMONY BY: Marg GREEN

BILL #: SB 234 DATE: 3/25/85

SUPPORT XXX OPPOSE

Mr. Chairman and Members of the committee:

I am Marg Green and I represent the Montana Farm Bureau Federation. We support SB 234 because it prevents unfair taxation and allows a person to pay on what he actually owns not on what he might wish he owned. Market value represents a fair and reasonable basis for taxation and we ask you to support this legislation.

SIGNED: Marg Green

Exhibit 12
SB 234

WITNESS STATEMENT

NAME Jo Brunner BILL NO. SB 234

ADDRESS 1496 Kodiak Rd DATE 3/25/93

WHOM DO YOU REPRESENT? Cattlefeeders, Cattlemen, Grange

SUPPORT V OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Mr Chairmen -

The Montana Grange, The Montana Cattlefeeders And The Mont Cattlemen are in full support of SB234. Because we belive we should not be Taxed for property That has ~~[illegible]~~ no Tual Value and would not be replaced were it destroye

MONTANA CowBelles

NAME Carol Mosher BILL NO. SB 234

ADDRESS Augusta DATE 3-25-85

WHOM DO YOU REPRESENT Montana CowBelles

SUPPORT XX OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

We support this bill as it seems only fair that our property be taxed on market value instead of replacement costs. Many of us have old buildings which are hardly worth anything in monetary value, but the cost of replaceing them would be a sizeable amount. Many of us are not financially able to replace them today with the problems in agriculture. The same fact holds true with machinery also. We endorse this bill very much and hope that you will give it a DO Pass motion. Thank you.

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL SENATE BILL 234 DATE March 25, 1985

SPONSOR SENATOR ED SMITH

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Marg Green	[illegible]	Mont. Farm Bureau	X	
Terry Murphy	D.F. Falls	MFU Farmers Union	X	
T.M. Rollins	Troy	ASARCO	X	
Lavina Lubinus	Helena ~~VOTE~~	WIFE	X	
Sen Smith			X	
J. Brunner	Helena ~~Ag Leg Work~~	Ag Leg Work	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33